

EXHIBIT C

**Retirement Benefits Seminar
For Individuals Who
Are Eligible For Pension Benefits
Under “The Retirement Program Plan
for Employees of Certain Employers at
the U. S. Department of Energy
Facilities at Oak Ridge, TN”**

Benefits Service Center

June 2012



Retirement Planning

Define Needs and Goals - set priorities

- determine sources of income from: employer, government, personal assets
- determine projected expenses
- reconcile projected expenses with income
- try to live on the projected monthly income for a year prior to retirement
- adjust your planning as needed



Retirement Planning

You may also want to:

- meet with attorney to discuss:
 - updating wills
 - Power of Attorney
- meet with Financial Planner to discuss:
 - savings plan
 - tax status after retirement

Retirement Planning

Company Benefits Applicable to:

- Hourly Retirees (all except salaried employees who were eligible for enhanced 401K benefits and subsequently transferred to hourly payroll)
- Salaried Retirees who were active employees prior to 1/1/2012
- Previously “medical-eligible” retirees who R.T.W. after 1/1/2012

Note: Any salaried re-hire that was not eligible for retiree medical & life insurance coverage before returning to work will continue to be ineligible after re-hire; however they will be grandfathered into Pre-2012 Defined Pension Benefit.

Savings Program

- **Schwab Retirement Plan Services Company** will correspond with you once they receive notification of your status change (from active to retiree).
- You may receive personal and/or general information regarding the Savings Plan or make investment fund transfers by calling:
1-800-777-401K.
- You may access the Savings Plan website at
www.401kaccess.com/oakridge

Savings Program (cont.)

**Savings Program distribution can be deferred
(no immediate action required).**

- Retirees may transfer investments in portfolio in accordance with plan maximums
- Receive quarterly statements
- No new money may be added after termination
- No new 401k loans can be made

Savings Program Distribution Options

- **Deferral**

- partial withdrawals available monthly with a minimum balance of \$10,000 required
- account balances remain tax deferred
- decision must be made at age 70-1/2 concerning the IRS Required Minimum Distribution

Savings Program Distribution Options (cont.)

- **Lump Sum Distribution**
- **Rollover**
 - to an IRA or other eligible plan
 - rollover must be made within 60 days of receipt of pay out
- **Installment Payment**
 - 10, 15, or 20 Years (subject to life expectancy)
 - single or joint life

Notes on Savings Program

- Tax penalties may apply on withdrawals after separation from service based on IRS rules.
 - See Retiree Book of Benefits or contact **Schwab Retirement Plan Services Company** for details.
- **Consulting with a tax advisor is strongly recommended prior to deciding on Savings Plan distributions.**

Savings Program After Retirement

- Loans must be repaid within six months after retirement or the loan balance will be considered a “Deemed Distribution” and taxable by the IRS.

Note: When you make a final distribution of your Savings Program, this “deemed distribution” upon which tax was previously paid will again be taxable. This can be avoided by assuring the loan is repaid within the required six months of retirement.



VACATION PAY

Retiree is paid for:

- Current year, unused vacation
and
- Banked vacation
- Not Eligible for benefit deductions
- Subject to withholding 25% income tax and 6.2% FICA (up to annual maximum), 1.45% Medicare Tax

Group Life Insurance

Basic Coverage

- You may elect one of two Group Life Insurance Options:
 1. Keep the basic life until age 65 at same cost as active employee rates;
 2. Take the reduced basic coverage at retirement at no cost to the retiree.

Optional Life Coverage

- Optional Life coverage terminates at retirement, but includes portability/convertibility.

Group Life Insurance (cont.)

- The cost of Basic Life Insurance is a function of salary and, under the current plan design, premiums will not change to age 65.
- The Basic Life Insurance automatically converts to reduced amounts (at no cost) at age 65.
- If the Basic Life Insurance has **not** been in effect five years immediately preceding retirement, retiree reduced Basic Life Insurance is \$625.

Group Life Insurance (cont.)

- The difference between the group life amount before reduction and the reduced group life amount may be converted to an individual policy within 30 days after reduction without evidence of insurability by contacting a Metropolitan Life Insurance agent.
- The conversion policy will be based on individual rates.
- **Dependent Life Insurance** is convertible, but not portable. Contact a MetLife agent for details.

Medical and Dental Plans – General Information (All Retirees Regardless of Age)

- The Retiree must be enrolled in the Company's medical plan and/or dental plan in order for spousal and eligible dependent coverage to be elected. Coverage for children ceases once both parents reach age 65. A spouse who is also an active employee or a retiree of Y-12 will have his/her own eligibility status.
- Retirees may be added to the medical, vision, and dental coverage of a spouse still employed by Y-12, thereby reducing cost of the coverage for the retiree. Retirees who change to another active employee group medical plan through other employment or through a spouse's employment, and who subsequently wish to return to the Company plan, must submit proof of creditable coverage from the former employer or other insurance carrier **within 30 days** of termination of the other coverage.

Medical and Dental Plans – General Information (All Retirees Regardless of Age) (cont.)

- All premiums are on an “after-tax basis.
- **Retirees who waive or cancel the Company’s medical plan for any reason, other than participation in another active employee group medical plan, cannot enroll at a later date.**
- If at the time you retire, your spouse is on Medicare Part A because he/she is on Social Security Disability, your spouse **must** sign up for Medicare Part B concurrent with your retirement date. Medicare becomes your spouse’s primary carrier and your Company plan becomes secondary payer.
- A retiree (or spouse of retiree) who becomes eligible for Social Security Disability after retirement must enroll in Medicare Parts A&B. Medicare becomes the primary carrier for the retiree’s (or spouse’s) claims.



Medical and Dental Plans – General Information (All Retirees Regardless of Age) (cont.)

- If you are retiring during the period of three months before through three months after your 65th birthday, you fall under Medicare's "Initial Enrollment Period." In this event, you must contact the Social Security Administration to determine when you need to apply for Medicare Part B **so that it will be effective on your retirement date.** Failure to do this could result in a delay, and possible gap in coverage, before Medicare Part B becomes effective. Note: The "Special Enrollment Period" only applies if you are over age 65 and three months on your retirement date.

Medical and Dental Plans – General Information (All Retirees Regardless of Age) (cont.)

- There are other special circumstances for which you may automatically be enrolled in Medicare. These include, but may not be limited to: Amyotrophic Lateral Sclerosis (ALS) (also called Lou Gehrig's disease) and End-Stage Renal Disease (ESRD). You should contact a Medicare office for additional information.
- Any questions or issues regarding your personal situation and Medicare should be directed to a local office or to 1-800-MEDICARE. Benefits Service Center personnel are not experts in this area.

Medical and Dental Plans – General Information (All Retirees Regardless of Age) (cont.)

- If your spouse is retired from ORNL or any other company and you provide his/her medical and/or dental coverage through Y-12, at the time of your retirement there is an important decision to make. He/she can continue in Y-12's medical plan (CIGNA or Medicare Supplement Plan) and/or dental plan based on dependency rules. However, it is essential to note two very important situations.
- In the event of your death, your spouse will be allowed to continue coverage in the Y-12 plan (providing coverage was in effect at the time of your death). Should your spouse want to return to their own company's retirement plan, enrollment may be denied based on the other company's guidelines. For example, ORNL & Y-12 do not allow any re-enrollment after retirement has occurred. Therefore, Y-12's plan should be considered as a lifetime plan, unless cancelled.

Medical and Dental Plans – General Information (All Retirees Regardless of Age) (cont.)

- In the event of divorce, your spouse would no longer qualify as your dependent. Therefore, assuming current guidelines, your spouse would have to find alternative insurance (example: COBRA, independent insurance) as he/she may not be eligible to return to their own company's retirement coverage.

Surviving Spouse Coverage

- If the retiree pre-deceases the spouse, the surviving spouse can continue his/her coverage (assuming coverage was in effect at time of death).
- If surviving spouse remarries, a new spouse cannot be added to existing coverage.

Marriage or Re-Marriage After Retirement

- If you marry/re-marry after retirement, your new spouse cannot be included in any retirement medical and/or dental benefit. Nor could a new spouse be named as a pension survivor.

Medical Plan for Retirees Under Age 65

- Retirees may continue the current Medical Plan until age 65. You may not change from CIGNA Open Access to CIGNA POS at time of retirement, but may change during Open Enrollment.

Medical Plan for Retirees Under Age 65 (cont.)

- When the retiree reaches age 65, a younger spouse may continue in the coverage until age 65 and carry any eligible minor dependents if retiree is covered in Major Medical Medicare Supplement Plan (MMMSP). Minor dependents must leave the coverage when the last parent with coverage attains 65.
- An older spouse may continue coverage until the retiree attains age 65 but the older spouse **MUST** sign up for Medicare A & B at age 65 and Medicare will become the primary coverage for the spouse.

Medical Plan for Retirees Under Age 65 (cont.)

- Retirees who move outside the coverage area:
 - enroll in the Indemnity Plan if a CIGNA network is not available in your new zip code
 - premiums are the same as the Open Access Plan

Medical Plan for Retirees Under Age 65 (cont.)

2012 Medical Plan Monthly Premiums*

	<u>SINGLE</u>	<u>DUAL</u>	<u>FAMILY</u>
CIGNA Open Access	\$190.53	\$373.49	\$565.01
CIGNA POS	\$165.31	\$318.15	\$482.31

*Retirees with 10 years of full-time company service pay 25% of the premium cost. (Bridging does not apply.)

2012 Full Cost Retiree Medical Plan Premiums* (per month/under age 65)

	<u>SINGLE</u>	<u>DUAL</u>	<u>FAMILY</u>
CIGNA Open Access	\$762.13	\$1,493.97	\$2,260.07
CIGNA POS	\$662.05	\$1,272.63	\$1,929.26

*Retirees with less than 10 years of full-time company service pay full cost.

Medical Plan for Retirees Age 65 and Older

- At age 65 the company provides a Medicare Supplement Plan with United Health Care (UHC) for retirees and their spouses who are enrolled in Medicare A and B (but who are not enrolled in Medicare D).
 - retirees with 10 years of full-time company service pay 50% of the cost; retirees with less than 10 years of full-time company service may continue the coverage but must pay the full cost (bridged service does not apply)

Medical Plan for Retirees Age 65 and Older (cont.)

- Current shared cost to retiree is \$165/month per person as of 07/01/2012.
- Current full cost to retiree with less than 10 years service is \$330/month per person as of 07/01/2012.

Medical Plan for Retirees Age 65 and Older (cont.)

- Pharmacy coverage is the same as the CIGNA Open Access (Medco Health).
- Mail order drugs are generally a cheaper alternative to in-store pharmacy cost.
- The Medicare Supplement Plan does not include vision coverage. (Refer to over-age 65 Dental/Vision Plan).

Dental Plan – Under Age 65

- Retirees and spouses may continue MetLife/Delta Dental coverage until age 65 by paying the retiree share of the premiums. Retiree must be covered in order to cover spouse and/or dependents.
- Cost to retiree:
 - shared cost if you have 10 years of full-time company service
 - full cost if you have less than 10 years of full-time company service

2012 Dental Premiums Shared-Cost Monthly Premiums – Under Age 65

	<u>MetLife</u>	<u>Delta Dental</u>
Single	\$10.50	\$13.66
Dual	\$20.30	\$26.61
Family	\$31.00	\$43.40

2012 Dental Premiums Full-Cost Monthly Premiums – Under Age 65

	<u>MetLife</u>	<u>Delta Dental</u>
Single	\$34.41	\$37.98
Dual	\$66.92	\$74.00
Family	\$102.04	\$120.70

Dental/Vision – 65 and Older

- Retiree and spouse can participate in UHC Dental/Vision even if not covered under MMMSP
- Cancellation period is allowed annually each June.
- Monthly rates as of 7/1/2012

Retiree	\$41.82
Retiree & Spouse	\$82.50

Open Enrollment Periods

- There is an annual open enrollment period for the medical and dental plans (for under age 65 retirees). Retirees are notified by mail of the open enrollment period.
- There is **NO** annual open enrollment period for the UHC Medicare Supplement or UHC Dental/Vision Plans. Retirees do have the option to cancel the Dental/Vision plan on an annual basis.



Special Accident Insurance

- The Special Accident Insurance terminates at retirement. However, there is a conversion privilege if exercised within 30 days of retirement. Conversion may be made to an individual policy with the North American Life Insurance Company. Rates will be based on individual rates instead of group rates.
- **Note:** Conversion may be to single or family coverage. Conversion from a group policy to an individual policy normally carries higher premiums.

Long Term Care Insurance

- If you have Long Term Care insurance at the time you retire, you must contact Metropolitan Life Insurance Co. directly to continue this coverage.
- Premiums will not be deducted from your pension check. Metropolitan will set you up on a direct bill plan.
- Toll Free No. 1-800-438-6388.

Pension Plan Eligibility for Retirement

- **Early Retirement - Reduced Benefit**
 - at least age 50
 - and**
 - at least 10 years of company service

Pension Plan Eligibility for Retirement

- **Early Retirement - Full Benefits**
 - employees under age 65
 - “85 Points”: (When age and company service in years and months = 85) or
 - age 62 with 10 years company service
- **Normal Retirement**
 - retirement the month following the employee’s 65th birthday with any amount of company service
- **Post Normal (Over Age 65) Retirement**
 - retirement after age 65 with any amount of company service

Pension Calculations

- **Average Straight Time Monthly Earnings**
 - the final 36 months just before you retire (best for most employees);
- or, if greater**
 - the three calendar years in which your earnings were highest during the last 10 calendar years before you retire.
- part-time employees
- employees transferred into lower paying jobs within the 10 years just prior to retirement



Pension Calculations (cont.)

- **Average Straight Time Monthly Earnings**
 - the final 36 months just before you retire
 - scheduled straight-time monthly earnings in the months of the calendar year in which you retire
 - scheduled straight-time earnings in the two preceding calendar years
 - for any months in the third preceding calendar year, the average of the scheduled straight-time monthly earnings for that year times the number of months used in that year.

Pension Calculations (cont.)

- **Company Service**

- includes all your years and completed months of company service--with each completed month counting as 1/12 of a year

Pension Calculations (cont.)

- Formulas
 - regular
 - alternate
 - minimum
- Employee will receive the highest of the three formulas.

Pension Calculations (cont.)

Minimum Formula

- Usually best only for vested employees or employees who retire with a small amount of company service



Pension Calculations (cont.)

Regular Formula

1.4% of ASTME x Company Service

Example: 25 years, 9 months of CS
(.014) (25.750) (ASTME)
(.36050) (ASTME)

Regular Formula Example

Age: 60

Company Service: 25 years

Early Retirement Full Benefits (85 points)

ASTME: \$3,000

Regular Formula

$(.014) (25) (\$3,000)$

$(.35) (\$3,000) = \$1,050 \text{ per month}$

Pension Calculations (cont.)

Alternate Formula uses a Social Security offset.

- Social Security figure used in the calculation comes from a “Social Security Look-up” table
- If Social Security gives you information showing that your actual Social Security benefit will be lower than that used in the calculation and you provide that documentation to the Company, your benefit will be adjusted upward
- For additional Social Security information:
www.ssa.gov

Pension Calculations (cont.)

Alternate Formula

1.767% of ASTME x Company Service

minus Social Security offset (max. of 50%)

- if less than 30 years service, the 50% is prorated

Alternate Formula Example

Age: 58

Company Service: 29 years, 6 months

Early Retirement Full Benefits (over 85 points)

ASTME: \$6,000

Max SSB from Tables at age 58: \$1,698

Alternate Formula

$(.01767) (29.500) (\$6,000)$

$(.52127) (\$6,000) = \$3,127.62$

minus SS offset

$(.5) (\$1,698) (29.500/30) = \834.85

$\$3,127.62 - \$834.85 = \$2,292.77$ per month

Reduction Factors for Early Retirement

- Based on how far away you are from Full Retirement Benefits
- Approximately 5% per year
- Remember - only your age is growing toward a full benefit; company service has stopped with retirement!

Reduction Factors for Early Retirement (cont.)

Examples:

- employee 2 years from full retirement would get 90% of a full retirement benefit

$$2 \text{ years} \times 5\% = 10\%$$

$$100\% - 10\% = 90\%$$

- employee 8 years and 5 months from full retirement would get 57.92% of a full retirement benefit

$$8.4167 \text{ years} \times 5\% = 42.08\%$$

$$100\% - 42.08\% = 57.92\%$$

Surviving Spouse Benefit

- Spouse of a retiring employee will receive a monthly surviving spouse benefit UNLESS the spouse waives this entitlement and permits the retiree to elect a higher monthly benefit payable for life of retiree only (Single Life Annuity) or some other form of payment.
- Surviving spouse benefit commences the month following the retiree's date of death and continues for life – even if spouse remarries.

Surviving Spouse Benefit (cont.)

Qualified Joint & Survivor Annuity (QJSA) -- 50% J&S

- 2% reduction applied to Single Life Annuity.
- Beginning the month following retiree's death, the surviving spouse receives 50% of the monthly pension that was paid to retiree.
- If spouse dies before the retiree dies, retiree's monthly pension reverts to the Single Life Annuity amount (pop-up feature) the month following spouse's death.

Qualified Optional Survivor Annuity (QOSA) -- 75% J&S

- Actuarial reduction (based on ages of retiree and spouse) applied to Single Life Annuity.
- Beginning the month following retiree's death, the surviving spouse receives 75% of the monthly pension that was paid to retiree.
- No pop-up feature.

Level Income Option (LIO)

- Applies only to retiree under age 62.
 - **estimates** what your Social Security benefit will be at age 62 based on your previous full year of earnings
 - the estimated Social Security benefit is then actuarially adjusted based on your age
 - this adjusted amount is added to your monthly pension until age 62. After age 62, your monthly pension is reduced by the estimated Social Security benefit.

Pension Calculation LIO Illustration

Employee Age: 58

Spouse Age: 55

Company Service: 30 years, 6 months

Pension Formula: Regular

ASTME: \$3,500

50% J&S Factor: 98%

- | | |
|--|------------|
| • Single Life Annuity | \$1,494.50 |
| 50% Surviving Spouse Factor | <u>.98</u> |
| • 50% Joint & Survivor Option | \$1,464.61 |
| • 50% spouse's benefit at employee's death | \$732.31 |

Pension Calculation LIO Illustration (cont.)

Estimated Social Security at age 62 (from tables)	\$938
Reduction factor (based on how far you are from age 62)	<u>.730</u>
Amount added to pension through 62nd birthday	\$685

	<u>(1-With 50% J&S)</u>	<u>(2-Single Life)</u>
Pension Without Level Income	\$1,464.61	\$1,494.50
Level Income Added to Age 62	<u>685.00</u>	<u>685.00</u>
Amount of Pension Received through Month of 62nd Birthday	\$2,149.61	\$2,179.50
	<u>-938.00</u>	<u>-938.00</u>
Pension Effective 1st month after 62nd Birthday	\$1,211.61	\$1,241.50

Note: Contact Social Security to get the amount of your estimated Social Security benefit. The amount of your calculated pension and level income benefit will **not** change either up or down to reflect your actual Social Security benefit.

Social Security website: www.ssa.gov



Level Income Option (cont.)

BREAK-EVEN POINT CALCULATION

(Does not reflect discounting or investment returns)

- $\$685 \times 48 \text{ months} = \$32,880$
- Beginning the first of the month after the retiree is age 62, he will start “paying back” the level income money at the rate of \$253 per month ($\$1,464.61 - \$1,211.61 = \253)
- $\$32,880 \text{ divided by } \$253 = 129.960 \text{ months divided by } 12 = 10.830 \text{ years or approx. 10 years, 10 months}$
- Age 62 + 10 years, 10 months = age 72 years, 10 months
- At age 72 years and 10 months the retiree will have paid back the level income money. Pension will continue to be \$253 per month less than what his pension would have been if he had not taken Level Income.

Level Income Option (cont.)

- Level income money *does not* come from Social Security.
- Electing the level income benefit *does not* affect your future Social Security, nor do future changes in Social Security affect your level income benefit.
- Election of the level income with 50% J&S *does not* affect your surviving spouse's benefit.
- Your pension benefit *will be* reduced at age 62 even if you decide not to start your Social Security benefit until a later date.
- Social Security pays in arrears; pension pays in advance – prepare for a “lean” month.

Federal Tax Withholding

- Your pension benefit is taxable and federal income tax withholding is required by law unless you elect in writing not to have taxes withheld on the W-4P form.
- Taxes can be deducted using exemptions similar to the ones on the W-4 form you use as an active employee.
- Your pension benefit is not subject to F.I.C.A. or Medicare Tax withholding.

Pension Payments

- Electronic deposit of pension payments with the financial institution of your choice is mandatory and payments are deposited the first business day of each month.
- The payment represents payment for the current month.
- A statement is mailed to your home address.

Decisions To Be Made At Retirement

- Life insurance coverage (if under age 65)
- Medical and dental coverage continuation
- Combined dental/vision coverage (if 65 or older)
- Federal tax withholding
- Direct deposit destination
- Start or defer pension (if not eligible for full pension)
- Form of pension payment
 - Single Life Annuity
 - 50% Joint & Survivor
 - 75% Joint & Survivor
 - LIO without surviving spouse (if under age 62)
 - LIO with 50% surviving spouse (if under age 62)

What To Do When You Decide To Retire

- Complete the Retiree Information Sheet (UCN-20826) available from the Benefits Form section on the Benefits home page on the web.
- Call the Benefits Service Center at 574-1500 to schedule your Retirement Counseling Session two-three months prior to your retirement.
- Attend your scheduled Retirement Counseling Session to make your elections and complete all retirement paperwork.

What To Bring With You to Your Counseling Appointment

- Your Spouse – *optional, but encouraged to attend*
- Proof of your age
- Proof of your spouse's age
- “Voided” check or deposit slip for the financial institution into which you want your check deposited
- List of questions!!



After Counseling is Completed

- After all of the required forms are completed, retirement package will be processed.
- Pension payment effective on the first day of the month following termination. First pension payment is deposited approximately one month after retirement date (to ensure final pensionable earnings have posted to SAP).
- Enjoy retirement!